

MARICOPA COUNTY BOARD OF SUPERVISORS MINUTE BOOK

**INFORMAL SESSION
December 3, 2007**

The Board of Supervisors of Maricopa County Arizona convened in Informal Session at 10:00 a.m., December 3, 2007 in the Board of Supervisors' Conference Room, 301 W. Jefferson, Phoenix, Arizona, with the following members present: Fulton Brock, Chairman, District 1; Andrew Kunasek, Vice Chairman, District 3; Don Stapley, District 2; Max W. Wilson, District 4 (entered late), and Mary Rose Wilcox, District 5. Also present: Fran McCarroll, Clerk of the Board; Liz Evans, Minutes Coordinator; David Smith, County Manager; Victoria Mangiapane, Deputy County Attorney. Votes of the Members will be recorded as follows: aye-nay-absent-abstain.

1. PROCLAIM SILVESTRE S. HERRERA DAY OF HONOR

Item: Proclaim 'Silvestre S. Herrera Day of Honor' in Maricopa County, in honor of PFC Silvestre S. Herrera who was awarded the Congressional Medal of Honor for his heroic actions during World War II, and who recently passed away on November 26, 2007. (ADM650)

Supervisor Wilcox announced that she was very pleased to be introducing this proclamation. She said that Mr. Herrera grew up in the Glendale/ West Phoenix area and joined the Texas Army National Guard in 1944. During World War II, Mr. Herrera made the decision to enlist in the army and discovered that he was not a United States citizen because he had been adopted. Mr. Herrera chose to serve anyway and later became a U. S. citizen.

On March 15, 1945 as a Private First Class, Mr. Herrera carried out a one-man frontal assault on a German machine gun nest that resulted in the capture of eight enemy soldiers. Later the same day, Mr. Herrera's platoon was attacked and he was forced to enter a mine field in order to advance on the enemy's position to protect his platoon. Both of his legs were severed below the knee during the advance, but despite intense pain, he continued firing so that his men could rush in and destroy the enemy's position.

Mr. Herrera was awarded the Congressional Medal of Honor by President Truman, as well as Mexico's Order of Military Merit for his heroism. Supervisor Wilcox was acquainted with Mr. Herrera, and said that he was proud of his dual citizenship. After his discharge from the army, Mr. Herrera learned leather-tooling and silversmithing as a way to support his family. Ms. Wilcox said that Mr. Herrera was an active member of the community and spoke at many events. She announced that plans were underway to name a school after Mr. Herrera.

Motion was made by Supervisor Wilcox, seconded by Supervisor Stapley, and unanimously carried (4-0-1) to proclaim this day, December 3rd, 2007, as 'Silvestre S. Herrera Day of Honor' in Maricopa County, in honor of PFC Silvestre S. Herrera.

PROCLAMATION

PFC SILVESTRE S. HERRERA DAY OF HONOR

WHEREAS, PFC Silvestre S. Herrera was a member of the United States Army, serving with distinction, who was awarded the Congressional Medal of Honor for his heroic actions during World War II in Mertzwiller, France; and

Whereas, PFC Silvestre S. Herreras' magnificent courage, extraordinary heroism and willing self sacrifice, and one man charge, resulted in the capture of 2 enemy strongpoints and the taking of 8 prisoners; and

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Whereas, PFC Silvestre S. Herrera at the time of his death was the only living person authorized to wear both the Congressional Medal of Honor and the Order of Military Merit , Mexico's highest medal of valor on the battlefield; and

Whereas, Mexican born PFC Silvestre S. Herrera, a humble man, is not only an Arizona hero but also a hero to the United States of America; and

Whereas, PFC Silvestre S. Herrera, 91, (July 17 1917-November 26, 2007) passed away on Monday, November 26, 2007 at his home Glendale, Arizona; and

Whereas, PFC Silvestre S. Herrera was revered by the Hispanic community as well as the greater community for his humility and heroism;

THEREFORE, BE IT RESOLVED that the Maricopa County Board of Supervisors do hereby proclaim December 8, 2007 as *PFC Silvestre S. Herrera Day of Honor* in Maricopa County.

Dated this 3rd day of December 2007.

/s/ Fulton Brock, Chairman, District 1
/s/ Don Stapley, Supervisor, District 2
/s/ Andy Kunasek, Supervisor, District 3
/s/ Max W. Wilson, Supervisor, District 4
/s/ Mary Rose Wilcox, Supervisor, District 5

ATTEST:

/s/ Fran McCarroll, Clerk of the Board

2. BOARD OF SUPERVISORS' MEETING SCHEDULE

Motion was made by Supervisor Kunasek, seconded by Supervisor Wilcox and unanimously carried (4-0-1) to adopt the 2008 Board of Supervisors' Meeting schedule. Schedule on file in the Clerk of the Board's office. (ADM601) (ADM650)

3. BUDGETING FOR RESULTS GUIDELINES AND PRIORITIES

Item: Approve the Budgeting for Results Guidelines and Priorities for FY 2008-09 that provide direction from the Board of Supervisors to the Office of Management and Budget (OMB) and all departments so that a structurally balanced budget is developed for the upcoming fiscal year. (C4908019800) (ADM1826)

Sandi Wilson, Deputy County Manager and OMB staff

Chris Bradley joined Ms. Wilson for this presentation. Ms. Wilson acknowledged the Office of Enterprise Technology (OET) for their efforts in restoring County systems overnight due to a power outage. Ms. Wilson explained that sales tax revenues for the month of November came in at .8 percent, holding at one percent under the year-to-date figure. She said that other cities and counties are reporting serious budget problems and the cities of Phoenix and Mesa have already taken steps to adjust their budgets.

Ms. Wilson was pleased to report was that the Arizona State Retirement System (ASRS) has voted to reduce its rate for FY 2009 by .15 percent. The rate was expected to be increased for FY 2009. Ms. Wilson said there is a \$8.2 million shortfall in the State Shared Sales Tax budget versus the actual results year-to-date. OMB will continue to monitor the situation and make adjustments as needed.

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Ms. Wilson maintained that the Vehicle License Tax was budgeted flat from last year and is showing 5.3 percent growth for November, but is still about one percent under this year's budget, to date.

~ Supervisor Wilson entered the meeting ~

Ms. Wilson said that the jail excise tax is running about 2.5 percent or \$1.5 million under budget, year-to-date, similar to what is happening with the sales tax.

Ms. Wilson mentioned that ten elected/judicial branch departments and 32 appointed departments have submitted budget reduction proposals which are under review by OMB. Recommendations will be presented to the Board in January for final adoption into their budgets. She thanked all the departments who had participated in submitting budget reduction proposals.

Chris Bradley reviewed the State deficit forecasts. He said that the County's combined deficit of about \$93 million pales in comparison with the State, which is speculated to be at about \$1.5 billion next year. Mr. Bradley explained that the deficit is attributed not only the decline in sales tax, but also to a slowdown in personal income tax collections.

Mr. Bradley disclosed that the Joint Legislative Budget Committee has presented a list of options to the Legislature to balance the State budget. The list contains a number of items totaling \$1.8 billion in reductions this year and \$2.1 billion next year, many of which directly affect counties. In total, they're considering \$27.4 million in budget options next year that would impact Maricopa County, of which almost \$19.24 million would directly affect the General Fund. The biggest single impact is a proposal to shift the State's share of the ALTCS growth to Maricopa and Pima counties, adding about \$17.5 million dollars on top of the forecasted deficit. The combined impacts to the County's budget equate to about \$110 million. Mr. Bradley explained that while some expenditures are mandated by statute, the Board has the discretionary authority to set levels of funding.

Ms. Wilson reviewed the proposed budget priorities and guidelines for 2009. She said the number one priority is to restore structural balance. Other budget priorities and guidelines include the following:

- Pay-for-performance increases at no more than 2.5 percent but no commitment on increases until funding has been identified
- Request department base reduction scenarios of five, ten and fifteen percent
- No debt in the General Fund operating budget for Capital Improvement Projects (CIP)
- Use the Budget Stabilization Fund to pay down existing debt payments
- Continue the Flood and Library District Self-Imposed Property Tax Levy Limits of two percent

Supervisor Wilson asked if plans included a hiring freeze. Ms. Wilson responded that they hoped not to have to impose a hiring freeze. Mr. Wilson asked Ms. Wilson to bring a proposal to the Board outlining the estimated savings implications of a hiring freeze.

Supervisor Stapley asked whether approval of this item means that funding options are narrowed for the Court Tower Project. Ms. Wilson said that OMB is not recommending moving forward on any Capital Improvement Project that has debt service associated with it, including the Court Tower. Supervisors Stapley and Wilcox expressed concerns about the possible delay of funding for the Court Tower Project. Supervisor Wilcox also urged Ms. Wilson to continue the few remaining market studies that have yet to be completed.

Motion was made by Supervisor Stapley, seconded by Supervisor Kunasek, and unanimously carried (5-0) to approve the Budgeting for Results Guidelines and Priorities for FY 2008-09.

**MARICOPA COUNTY
FY 2008-09 BUDGETING FOR RESULTS GUIDELINES AND PRIORITIES**

The purpose of these guidelines and priorities is to provide direction from the Board of Supervisors to the Office of Management and Budget and all departments so that they can develop a sustainable, structurally-balanced budget that achieves, within available resources, the County's mission and strategic goals as set forth in the 2005-10 Strategic Plan.

Employee Compensation:

Employee compensation increases will depend on the availability of funding, and will be decided upon later in the budget process. In the meantime, the Office of Management and Budget and departments will address compensation funding in the following manner:

1. Department budget requests will include supplemental requests for performance-based salary adjustments that will average **no more than 2.5%** for current eligible employees, which will be decided upon at a later date subject to availability of funding.
2. Funding for performance-based salary adjustments will not be allocated without direction from the Board of Supervisors.
3. Market salary adjustments will be prioritized to address only the most critical turnover, retention and recruitment issues that have a significant impact on critical public services. Departments will be expected to offset the cost of market salary adjustments with other budget reductions in addition to any other reductions otherwise necessary to balance the budget. Departments may not include requests for new market compensation funding in their budget requests

Base Budget Targets:

Base budgets for all departments and funds will be prepared within target amounts equal to their current budgets plus authorized adjustments. The Office of Management and Budget is directed to adjust budget targets for the following:

1. Annualized cost of FY 2007-08 approved Results Initiatives;
2. Annualized impact of FY 2007-08 mid-year appropriation adjustments, including FY 2007-08 administrative service reductions;
3. Annualized impact of other items (including intergovernmental agreements) that were approved by the Board of Supervisors, so long as the impact was disclosed at the time of Board approval.
4. Items required by State law, such as judges' and elected officials' salary increases and mandated contributions to AHCCCS, ALTCS and other programs.
5. Other technical adjustments as required.

All departments must submit their base expenditure budget requests within their budget targets. If justified by revenue projections, base revenue budget requests may exceed revenue targets. Revenue targets for non-General Fund budgets will include an adjustment as necessary to maintain structural balance (recurring revenues equal to or greater than recurring expenditures)

within the fund. If the revenue target cannot be met, departments must reduce base expenditures and base revenue by an amount sufficient to restore structural balance.

Base Budget Reductions:

Lower growth and declines in revenue will challenge Maricopa County to continue to provide results for the people it serves. In order to meet this challenge, all departments are urged to collaborate with the Office of Management and Budget to identify budget improvements through greater efficiency and reduction or elimination of services that have little or no impact on results. All elected, judicial and appointed departments are requested to present options for reductions of 5%, 10% and 15% from their base targets.

Requests for Additional Funding:

It is anticipated that base expenditure reductions will need to be made to balance the FY 2008-09 budget. Any supplemental funding will therefore need to be offset by further budget reductions. All elected officials, presiding judges, and department directors, as well as all department managers will be challenged to find innovative ways to maintain service levels as much as possible while finding opportunities for budget enhancement (reduced expenditures or increased revenue). Consequently, Results Initiative Requests will not be considered except to address critical or emergency issues or to implement opportunities for expenditure reduction or revenue enhancement, and only as directed by the Board of Supervisors.

Capital Improvement Program

No new capital projects or increases in budgets for current projects can be funded unless a new funding source is identified that can support both the project itself and future operating costs. In order to restore a structurally-balanced budget, existing or planned debt payments from operating revenues will be eliminated or funded through use of reserve funds.

Information Technology

The Office of Management and Budget, the Office of Enterprise Technology and departments will explore opportunities for more efficient and effective information technology (including telecommunications) through consolidation of resources. New information technology projects will be considered if they have a return on investment with direct benefits of three years or less.

Use of Budget Stabilization Reserves and Fund Balances

The FY 2008-09 budget may provide for use of fund balances designated for budget stabilization so long as such uses are consistent with the *Reserve and Tax Reduction Policy*. The priority for use of fund balance reserves is to retire or fund outstanding debt in order to relieve operating budgets from supporting ongoing debt service payments. Fund balances in the Detention Fund now designated for capital projects may be used to offset a portion of the operating deficit, so long as there is a reasonable expectation that expenditure adjustments and future revenue growth will restore structural balance in the Detention Operations Fund.

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4. REGIONAL SCHOOL DISTRICT #509 VOUCHERS/WARRANTS

The Board of Supervisors, pursuant to its authority granted in A.R.S. §15-1001, will consider for approval vouchers presented by the County School Superintendent of Maricopa County to draw warrants on the County Treasurer against Maricopa County Regional School District #509 School District funds for necessary expenses against the school district and obligations incurred for value received in services (except for payroll vouchers) as shown in the Vouchers. (ADM3814-003)

The Board of Supervisors may consider ratifying any Maricopa County Regional School District #509 vouchers and/or warrants (except for payroll vouchers) approved in accordance with the procedures of A.R.S. §15-321 since the last meeting of the Board of Supervisors. The Board of Supervisors may hear staff reports on the vouchers and warrants being considered. The Vouchers are on file in the Maricopa County's Clerk of the Board's office and are retained in accordance with ASLAPR approved retention schedule. (ADM3814-003)

Motion was made by Supervisor Stapley, seconded by Supervisor Wilcox, and unanimously carried (5-0) to consider the following items:

Ratify Voucher #7015	\$77,332.24
Ratify Voucher #7016	\$42,993.75
Ratify Voucher #7017	\$36,535.33

Staff did not update the Board of Supervisors on regional schools operations and finances. (ADM3814-005)

5. TEMPE COUNTY ISLAND FIRE DISTRICT

Motion was made by Supervisor Stapley, seconded by Supervisor Kunasek, and unanimously carried (5-0) to receive the formation request for the proposed Tempe County Island Fire District, located in the City of Tempe municipal planning area and set a public hearing pursuant to A.R.S. §48-851, for 10:00 a.m., Wednesday, January 2, 2008.

At the hearing on January 2nd, the Board will hear those who appear for and against the proposed district and shall determine whether the creation of the district will promote public health, comfort, convenience, necessity or welfare. If the Board of Supervisors determines that the public health, comfort, convenience, necessity or welfare will be promoted, it shall approve the district formation request and authorize the persons proposing the district to circulate petitions.

The revised map and list of proposed organizing board members are on file in the office of the Clerk of the Board. (Supervisorial District 1) (C0608045700) (ADM4453)

6. EXECUTIVE SESSION

Motion was made by Supervisor Wilson, seconded by Supervisor Stapley, and unanimously carried (5-0) to recess and reconvene in Executive Session in the Tom Sullivan Conference Room to consider items listed on the Executive Agenda, pursuant to listed statutory authority, as follows.

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PERSONNEL MATTERS – PROMOTION, DEMOTION, SALARY, ETC. – ARS §38-431.03(A)(1)

E-1. COUNTY MANAGER SALARY REVIEW

David Smith, County Manager (attended early portion of review and left during deliberations)

Shawn Nau, Director, General Government (attended early portion of review only)

E-2. COUNTY AUDITOR ANNUAL PERFORMANCE REVIEW

Ross Tate, County Auditor (attended early portion of review and left during deliberations)

Shawn Nau, Director, General Government (attended early portion of review only)

E-3. CLERK OF THE BOARD ANNUAL PERFORMANCE REVIEW

Fran McCarroll, Clerk of the Board (attended early portion of review and left during deliberations)

Shawn Nau, Director, General Government (attended early portion of review only)

LEGAL ADVICE; PENDING OR CONTEMPLATED LITIGATION – ARS §38-431.03(A)(3) and (A)(4)

E-4. Maricopa County v. Intel Corp

Keith Russell, County Assessor

Jean Rice, Deputy County Attorney

Stephen Wolf, Deputy County Attorney

**LEGAL ADVICE; PENDING OR CONTEMPLATED LITIGATION; SETTLEMENT DISCUSSIONS
CONDUCTED IN ORDER TO AVOID OR RESOLVE LITIGATION – ARS §38-431.03(A)(3) and (A)(4)**

E-5. BMW Investments, LLC v. Maricopa County, No. CV2005-050656

Kenny Harris, Assistant County Manager

John Hauskins, Director, Transportation Department

Jean Rice, Deputy County Attorney

Stephen Wolf, Deputy County Attorney

LEGAL ADVICE; PENDING OR CONTEMPLATED LITIGATION – ARS §38-431.03(A)(3) and (A)(4)

E-6. Linda Evans, Personal Representative of the Estate of Brian Scott Crenshaw; Linda Evans and Kim Crenshaw, Plaintiffs v. Maricopa County, Joseph M. Arpaio, Maricopa County Sheriff, et al, Defendants

Peter Crowley, Risk Manager

Ted Howard, Claims Manager, Risk Management, **did not attend**

John Masterson, Outside Counsel

Laurence Tinsley, Jr., Deputy County Attorney

**LEGAL ADVICE; PENDING OR CONTEMPLATED LITIGATION; SETTLEMENT DISCUSSIONS
CONDUCTED IN ORDER TO AVOID OR RESOLVE LITIGATION – ARS §38-431.03(A)(3) and (A)(4)**

E-7. Autumn Freeman Worker's Compensation Claim, No. 2005-480923

Peter Crowley, Risk Manager

Kendall Steele, Outside Counsel

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Laurence Tinsley, Jr., Deputy County Attorney

- E-8. Vertes & Mead v. Maricopa County CV2007-017716**
R.J. Cardin, Director, Parks and Recreation
Dennis Lindsey, Manager, Real Estate Services
Charles Kelhoffer, Outside Counsel
Kevin Costello, Deputy County Attorney

LEGAL ADVICE: PURCHASE, SALE OR LEASE OF REAL PROPERTY – ARS §38-431.03(A)(3) and ARS §38-431.03(A)(7)

- E-9. Proposed Sale of County Real Property**
William Thornton, Director, Solid Waste
Dennis Lindsey, Manager, Real Estate Services
Rita Neill, Environmental Specialist
Brian Hushek, Deputy Budget Director
Kevin Costello, Deputy County Attorney

LEGAL ADVICE: PENDING OR CONTEMPLATED LITIGATION; SETTLEMENT DISCUSSIONS CONDUCTED IN ORDER TO AVOID OR RESOLVE LITIGATION – ARS §38-431.03(A)(3) and (A)(4)

- E-10. JLK Real Estate Investment Corporation**
Nelle Carlsmith, Tax Deed Land Specialist, Treasurer's Office
Shane Wikfors, Management Analyst, Clerk of the Board's Office
Kevin Costello, Deputy County Attorney

LEGAL ADVICE: PENDING OR CONTEMPLATED LITIGATION – ARS §38-431.03(A)(3) and (A)(4)

- E-11. Flach v. the Maricopa County Board of Supervisors; CV2006-052611, Counterclaim and Third Party Claim, in consolidated case CV2006-014285 (Schweikert v. Flach)**
Tom Irvine, Outside Counsel
Rebekah Francis, Outside Counsel
Sandi Wilson, Deputy County Manager
Tom Manos, Chief Financial Officer
Shelby Scharbach, Deputy Chief Financial Officer
Lisa Keegan, Assistant County Manager, **entered late**
Brian Hushek, Deputy Budget Director
LeeAnn Bohn, Deputy Budget Director, **entered late**
Shawn Nau, Director, General Government

MEETING ADJOURNED

At the conclusion of discussion on the above items and there being no further business to come before the Board, the meeting was adjourned.

ATTEST:

Fulton Brock, Chairman of the Board

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Fran McCarroll, Clerk of the Board